



PRIME MINISTER

INTERVIEW WITH LAURIE OAKES, GOOD MORNING AUSTRALIA, 12 JANUARY 1984

LA: Mr Hawke, thanks for appearing on Good Morning Australia. What sort of a break have you had over the holidays?

RJH: Good break, Laurie, I had a fortnight, a complete break, at the end of December when I handed over to Lionel, as Acting Prime Minister, saw a bit of tennis and cricket in that period, and then from the 1st of January, up until next Sunday I'm working here out of Kirribilli, so I suppose you could say that's second gear, it's working, but it's a slightly better environment than Canberra.

LA: You were looking a bit tired at the end of last year, have you got the batteries recharged for the new year?

RJH: Absolutely, yes.

LA: Will it be a big year?

RJH: I think it will be a big year for Australia. The economy's going to be in very good shape, Laurie, growing at a fast rate, a very big turnaround, more job opportunities, more opportunities for business. I think it's going to be a big year economically, it's going to be a pretty interesting one politically too, I think.

LA: Yes well because it's a good year economically, does that mean there'll be an election?

RJH: Oh that's not why there may be an election. I've made it quite clear when the Senate rejected our proposals about the referendums that we would have to look at that situation in the light of the fact that there must be a half-Senate election, as you know, between the middle of this year and the middle of next year. If there were to be such an election, it would be, not out of kilter, I haven't looked exactly Laurie, at the history of this, but my recollection is that it would be if such an election were held at the end of this year or early next year it would be about the 22nd election of that type - half-Senate and House of Representatives elections are a completely normal thing to happen but we're not committing ourselves at this point. I'll be wanting to see what's necessary to reduce the number of elections to get back into kilter - the Senate and the House of Representatives.

LA: Well assuming that it may be an election year, will it be an election budget?

RJH: Ah we don't operate that way. It will be the budget which is necessary to do these sorts of things. Firstly, to consolidate the very substantial economic recovery that's been associated with our government. And secondly and very importantly to sustain the prices and incomes accord, we'll be looking in 1984, Laurie, at fairly low inflation rates and that means fairly low levels of wage increases. And if we can sustain a cut in taxes, which is what I want to do anyway, then that will be done for economic purposes and for industrial purposes. The fact that that will be I think, what the people would want, and what we'd hoped to do in 1983 -

we couldn't because of the deficit we inherited - is a plus politically, obviously.

LA: Well how likely is it that you will be able to cut taxes? You sound as if its definitely on.

RJH: The intention's there. It's too early to be able to tell how the budget figuring is going yet. We'll get that sort of information in February/March when we see how both the expenditure and the income sides are going, Laurie.

LA: Are you talking about tax cuts for everybody or people in need?

RJH: Well obviously we'd be wanting to try and get the greater relevant benefit to the lower income groups, but what you can do would depend upon the two things that I've been talking about, what's happening to the your revenue, what's happening to your outlays. Because associated with the desire to cut taxes Laurie, will be also an intention to haul back in the deficit. And I want to achieve both those objectives and our capacity to do it is not something that I can say to you now in January - well, we've got that capacity or that capacity. We must wait a little bit longer before we see the figures.

LA: What about the election promise to raise pensions to 25% of average weekly earnings? Is that on this year?

RJH: Oh we didn't say we'd do it in one year.

LA: You said in 3 years I think, but if you're facing an election at the end of the year, that's your first term isn't it?

RJH: Yes, but it's not 3 years. We will be doing what we can to improve the pension position and again, it would be irresponsible of me in January of 1984 to say what we'll be able to do at the end of this year. But I can say this in January of 1984, that our commitment to try and see that expenditures aren't wasted on those of us in the community who don't need public pension benefits is relevant to our capacity to act in the area of pensions generally.

LA: So you're still committed to needs-based welfare even though that has a potential to make you unpopular, I mean the assets test, obviously, its going to cause a problem isn't it?

RJH: Yes and it's relevant to the sort of question you're asking about. Are we going to be doing certain things for popularity reasons. We're going to be making the decisions which are necessary for the benefit of the country as a whole and I have no doubt, as does any economist in this country, or anyone who knows anything about the demography of Australia or the social welfare structure. None of us have any doubt that if Australia is going to be able, as we go towards the end of the 20th century to look after those in the community who need help, then we have to be prepared to cut back

on those of us who don't need help. Take my own case, the Prime Minister of Australia on very high income relatively. Now until we income tested the over-70's pensions, I would have been entitled, if we'd left it all as it was, as well as getting my very generous superannuation, to dip in and grab a pension as well.

LA: I think one of your predecessors in fact....

RJH: I didn't want to do to that extent, but that's exactly what happens. Now that's wrong. I mean, there's no justification for me grabbing a pension out of the public funds as well as having a general superannuation. In regard to the assets test, using my case, let's say I'd retired and I'd converted my income into assets and had no income, and so I'd put myself into a position of being able to get a public pension. Now that's damn stupid. Why should I get that. And the real issue that's confronting us is, that we are an ageing population, and as we get to the end of this century, there's going to be a smaller proportion of people in the population who are at work, having an obligation to support more and more older people. Now if you're going to do that generously and sensibly, then those of us who don't need help from the public purse, shouldn't be getting it.

LA: It could cost you a lot of votes, though, couldn't it?

RJH: Well it may do, but I have more faith in the Australian public than that. I think that when we explain the purpose of what we're about and the impact of it, a relatively small number of people who will be adversely affected - and the fact that we do this will mean that we as a community, not just as a government, but as a community, will be better able to look after those who do need help. And I have sufficient faith in my fellow Australians to believe that they will understand that, and they'll accept it, and indeed they'll applaud it.

LA: You mentioned your commitment to the prices and incomes accord with the unions which brings us to the vexed question of Parliamentarian's salaries, the South Australian and Tasmanian situation. You've written to all Premiers.

RJH: Yes, I did that yesterday Laurie. And essentially what I've said to them are these things. That the maintenance of the accord is important for all Australians, its certainly important for State Governments. Because our capacity as a Federal Government to give to the States, as much as we can at the time of the Premiers' Conference, the Loan Council, to help them do the things they need, depends upon an economy working as efficiently as it can. And the accord is very important. Now the second thing is, as I've said well the 4.3 percent, there should be no question about that - we should have that as an interim increase and then Parliamentarians should do as the trade unions are required to do - that is, that

there are special circumstances existing because of what they haven't got over an extended period of time, in respect of community standards, then they ought to put that case to their tribunals, and if they haven't got tribunals, then they ought to establish them. And in those tribunals the same test ought to be applied as is applied to workers generally. And that's what I've put to them. I hope that they will follow that.

LA: Do you think they will?

RJH: Well I'm hopeful. I have spoken with the Premier of South Australia where they do have a tribunal. I have told him what was in the letter, and I hope there will be a positive response. There ought to be because we've all of us got a vested interest whether we are trade unionists, parliamentarians, businessmen, professional people. We've all got the same interest. And that is that we have the highest level of economic growth with the lowest level of inflation. And the maintenance of the accord is critical to that.

LA: To what extent has the MPs' salary issue threatened the accord?

RJH: I don't think its threatened it, in the sense that it will break down, in fact I'm sure it hasn't done that. The ACTU leadership has been very responsible I think in the way that they have addressed themselves to this issue. Quite clearly though, those elements within the trade union movement, though small, but who would want to see for bad purposes, the accord break down, would use this as ammunition and that's why I think its important that if parliamentarians have a case for increases beyond 4.3 percent and the ACTU recognises that they may well have such a case, then they should do it in the same way as the trade unions are required to do it, that is, to have the 4.3 percent, and then go through what we call the anomaly process to show that they may have special circumstances which require movement beyond that 4.3 percent.

LA: While you've been having your Xmas/New Year break, Doug Anthony has announced that he is retiring, and it looks as though Ian Sinclair will be the new leader of the National Party. What effect do you think that will have on politics in 1984?

RJH: I think it will mean that there will be increased tension within the coalition. I mean no disrespect to Doug Anthony, but I think you would agree, that since the election in March, he hasn't been a upfront, forceful figure, and Sinclair, if he gets the leadership, will be pushing not so much against us, because he's been trying to that anyway, but the figure in his sights will be a chap called Andrew, and that's already evident. All the signs are there, there'll be increased tensions on the opposite side, which if possible, will make their operations in Opposition even less effective than they were in 1983. I think it will be a very tough time for them, and I feel in respect of Mr Sinclair, that he is vulnerable, he has demonstrated his vulnerability. That's not going to diminish in 1984.

LA: Vulnerable in what way?

RJH: Well I don't want to shoot off all the ammunition at this stage but you've been around the political scene a long time and you know in respect of his performance as a Minister, there was a situation with a lot of question marks about his performances and I think he's the sort of person who shoots from the hip and creates his own vulnerability and I think that will be evident, I would imagine, from his quite inexplicable performance of making those allegations at the end of 1983 about attempted bribery of him. That was alleged to have occurred in 1979. He has made allegations which are the subject now of investigation. I don't think he'll come very well out of that.

LA: He's a tough customer though, isn't he? Are you concerned at the possibility that he could emerge as a leader of a combined, amalgamated Liberal/National Party?... a conservative party?

RJH: Not at all, not at all. Let me make two points about that. If he's to emerge as the leader of a combined non-Labor opposition that means there's going to be a hell of a lot of blood and a hell of a lot of bodies strewn around the conservative carpets of this world, and that won't make for effectiveness. And secondly, the fact that you are a head-kicker, as he is, and is prepared to make unsubstantiable allegations and to do that in pretty ruthless fashion - I don't think that impresses anyone.

LA: What would you do if you were Andrew Peacock? Would you be worried about Ian Sinclair?

RJH: Ah yes, I would take another layer of protective clothing around my back.

LA: You've been fairly scornful about Andrew Peacock's performance, the Opposition's performance. If you were in their position what would you be doing. What could they do to be more effective?

RJH: Well Laurie, I'm known as a generous character, and correctly. I am generous and charitable by nature. But I don't think its really for me to tell the Opposition how to pick their game up. Perhaps in 10 years time, I might be prepared to give them a hint.

LA: Well at the end of last year you said that you wanted Mick Young back in your Cabinet. And I think that's going to happen what the week after next, isn't it?

RJH: Yes.

LA: What will he have, what portfolio? Have you thought about that yet?

RJH: I've thought about it, yes. But I think its appropriate to wait until the time. I'll publicly announce it. I don't think there'll be many surprises.

LA: Well its another way of asking the same question I suppose. But are you planning any sort of a reshuffle in your Cabinet, your Ministry, between now and the election or are you happy with it?

RJH: I'm very happy with their performance. You know I've said to you privately and I've said publicly that I think this has been an outstandingly successful Ministry. I am sure that there hasn't been a Ministry to equal it in the post-war period. That doesn't mean there hasn't been some minor mistakes of course there have been, but the quality of this Cabinet is remarkable, the breadth and the depth of it, and it would therefore, in my judgment, be foolish Laurie, to talk about any significant reshuffle.

LA: Well again I'm venturing close to asking the same question, but not really. Its been suggested that you will give Mick Young his old portfolio, but take away the sensitive areas of security, law enforcement. Is there a problem with Mick Young that way? Is the cloud still over his head?

RJH: No of course there's no cloud over his head. The facts are simple. Mick made a mistake. He recognised it, he resigned. He served the penalty, a severe one. I've made a judgement and my colleagues have accepted my judgement, that it is appropriate for the government and for the country, to have his talents back in the Cabinet. And that involves, in recognition on my part and the part of my colleagues, that he is ready again to serve the country. Now in my judgment you don't have partial readiness. A man is ready or he's not.

LA: What New Year's resolutions have you....

RJH: I'm not a maker of New Year's resolutions Laurie. I gave that up a long time ago, because its so artificial. It almost guarantees ineffectiveness. If you have to depend upon the calendar to come round on the first of January to reassess your performance, and say now I'll do something different, then you're guaranteeing your ineffectiveness. What you ought to be doing whether you're in politics, or whatever you're doing, engaged in, is to be constantly monitoring your performance. If you can see that something would be done better another way, then you do it.

LA: Eut you must have a goal for the year, what do you want to achieve this year?

RJH: That's a quite different question. Well, the main thing that I'm committed to, Laurie, is to make consistently, decisions which are going to consolidate the turnaround of the Australian economy. I recognise that in 1983 that we had good fortune in some respects for which we could not properly claim any credit: the breaking of the drought, the growth in the United States economy; but equally importantly, we made a series of co-ordinated decisions which in conjunction with those factors, strengthened the operation of the Australian economy. Now I want to see that we continue to make

those sorts of decisions so that growth continues at significant levels in 1984, and within that growth, to see that we get a more equitable Australia. That's my basic commitment, internally. Externally, I want to continue to build the recognition in the rest of the world of the fact that this new Australian government is about courses of action which will be respected by the rest of the world. I think you would acknowledge that we have received that respect in a remarkably short term. There's lots of evidence of that. And I want to build on that. I will be going as you know, at the end of this month, to Korea and Japan and China, Hong Kong and Singapore and Malaysia, and I believe that's a very important part of what I've just been talking about. We have to see that we build up an understanding within Australia, and within the region, of the fact that Australia is part of this region. We're not just an outpost of European civilisation, parked on the rim of South East Asia. We are part of it.

LA: We read that you're planning some kind of a Pacific Basin trading pact. Is that....?

RJH: I think that overstates it, but I do believe that there is a need for a new round of GATT negotiations. The previous round didn't do justice in any way to the sorts of things, commodities, which are of basic importance to us and to many other countries in the region. It makes sense to be able to have such a round in which there is a comprehensive dealing with the commodities entering into world trade. If that's not possible, then we as a region would be looking as to how we can develop effectively trade between ourselves. Now again, as characterised in 1983, the first year of our government I'm not trying to overstate what we can do, but I can say this, that in the preliminary soundings-out that we've been doing, with other countries in this region, we are seeing some very positive reactions to the sorts of suggestions that we're making. So one part of the visit that I'll be making will be to try and build upon those initial suggestions because it is very important to Australia that we build up trade in this region, and we are singularly fortunate and challenged at the one time, to be part of the fastest-growing economic region in the world. And the future of our children depends very much on making sure that we can get the greatest benefit out of and involvement in that development. And that's what we'll be about.

LA: Thanks Mr Hawke.

RJH: Thanks a lot.